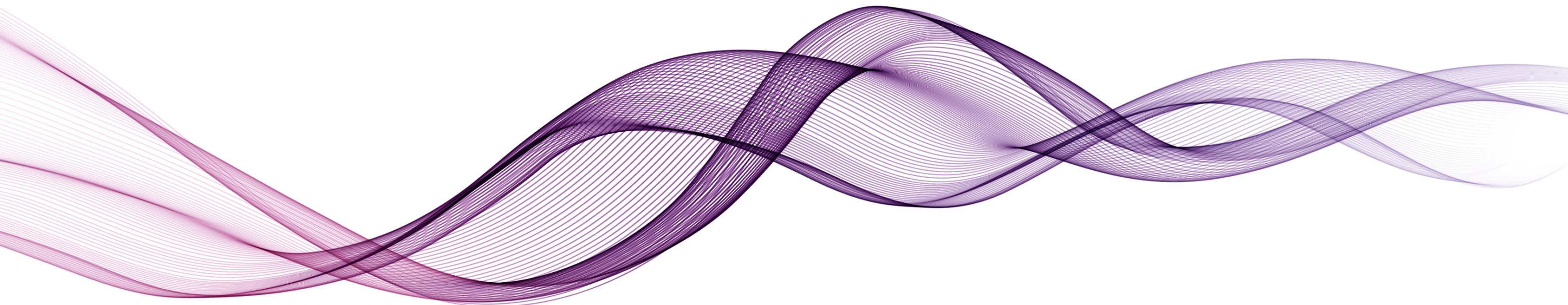


HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN

Trustee report

to members 2017



HEWLETT-PACKARD SECTION

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Welcome

WELCOME TO THE TRUSTEE REPORT FOR MEMBERS OF THE HEWLETT-PACKARD (HP) SECTION OF THE HEWLETT-PACKARD LIMITED RETIREMENT BENEFITS PLAN ('THE PLAN').

It is a pleasure to present this year's newsletter, bringing you up to date on the latest news from the Plan along with information about pensions in general, which we hope you will find of interest.

Over the last year, one of the key changes in the Plan was the merger of the Bank of Ireland/Medas Section into the HP Section in July 2016. No changes have been made to the benefits of members in either Section as a result of the merger.

An important company change was announced in 2016. Hewlett-Packard Enterprises (HPE) announced that it planned to spin off and merge the Enterprise Services business with CSC, creating a new IT services business – DXC. The transaction was completed on 31 March 2017. HPE had major pension schemes in the UK associated with the Enterprise Services business, these being the 'EDS Schemes'. As a result of the transaction, the EDS Schemes transferred to DXC. HPE therefore retains only the HP Plan as its significant Defined Benefit scheme in the UK.

Every three years, a full actuarial valuation is carried out which looks at how well each section of the Plan is funded and the employer contributions that are appropriate to make good any deficit. The last full actuarial valuation has an effective date of 31 October 2015 and the Trustee and the Company have 15 months from the date of the valuation to come to an agreement and submit valuation documents to the Pensions Regulator. When agreeing a valuation, the Trustee must take account of the financial strength of the employer. As a result of the corporate change mentioned above, the Trustee decided that it was appropriate to wait for a better understanding of the financial strength of HPE, which would be available after 31 March 2017. The statutory valuation deadline of 31 January 2017 was therefore not met and the Pensions Regulator was kept informed.

Once the valuation and Recovery Plan have been agreed with HPE and submitted to the Pensions Regulator, the Trustee will communicate the details to you in a Summary Funding Statement later in the year. This will also include an update of the funding position as at 31 October 2016. Information will be included on the Plan website as soon as it is available.

Welcome *continued*

If you haven't already done so, let me encourage you to visit the Plan's website. Regular updates are made as part of our commitment to provide you with an easy way to access information about the Plan and your benefits. We are planning major improvements to the website later in the year and will send you information on the features of the new website when they become available. Further information on the website and how to access My Pension Online can be found on [pages 5 to 7](#).

There have been some changes to the Trustee Board as the period of office for our three Member Nominated Trustee Directors (MNDs) came to an end in October 2016. Mike Jackson chose to retire after 12 years as an MND and we thank him for his diligence and service to the Plan. We welcome Martin Smith on board. Phil Lawman and Paul Early were reselected as MNDs. During the year, a Trustee Company was set up and all the individual Trustees became directors of the Trustee Company. You can read more on this and about the work of the Trustee on [page 12](#).

As usual, we include a summary showing the highlights of the Plan's finances over the year, detailing how we are managing the Plan's finances as well as giving you the latest news about our investments. Please see [page 16 to 18](#) for the details.

Finally, let me take this opportunity to welcome members from the EDS schemes who joined the HP Section of the Plan, prior to the separation of the Enterprise Services business.

If you have any questions about this newsletter, or any suggestions for things you would like to see covered in a future issue, please get in touch using the contact details on [page 23](#).

As always, we hope you find this report interesting and useful.



Jonathan Lord
Chairman of the Trustee

The Plan website

Here you can view the latest news about the Plan as well as find the answer to queries you may have about your retirement savings, including:

- how the Plan is managed and run,
- a summary of the current benefit structure, and
- information about Additional Voluntary Contributions (AVCs).

Members can also access details about their pension benefits and will be able to run certain illustrations through **My Pension Online**.

Active and deferred members can use the pension modeller to provide:

- a forecast of what Plan benefits might be at a given date, and
- cash equivalent transfer values (CETVs).

Pensioners and dependants can view:

- pension payslips
- P60s

DEVELOPMENTS TO THE WEBSITE

We are planning major improvements to the look and feel of the website to enable you to find information more easily. The new website will be available later in the year, when we will write to you again with further details.

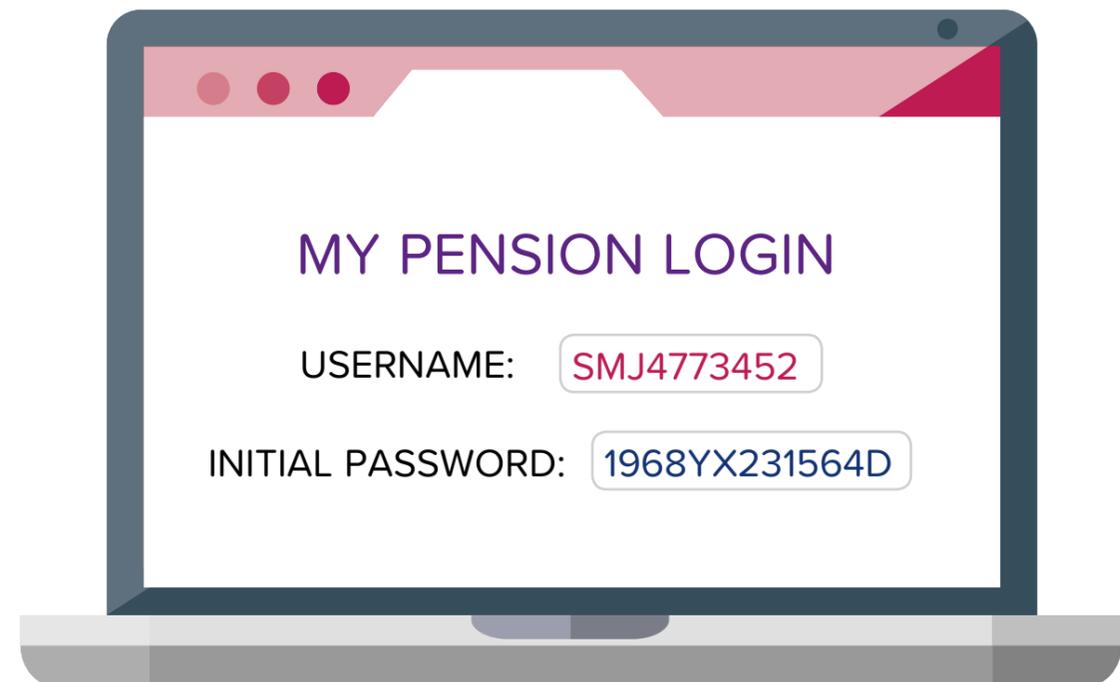
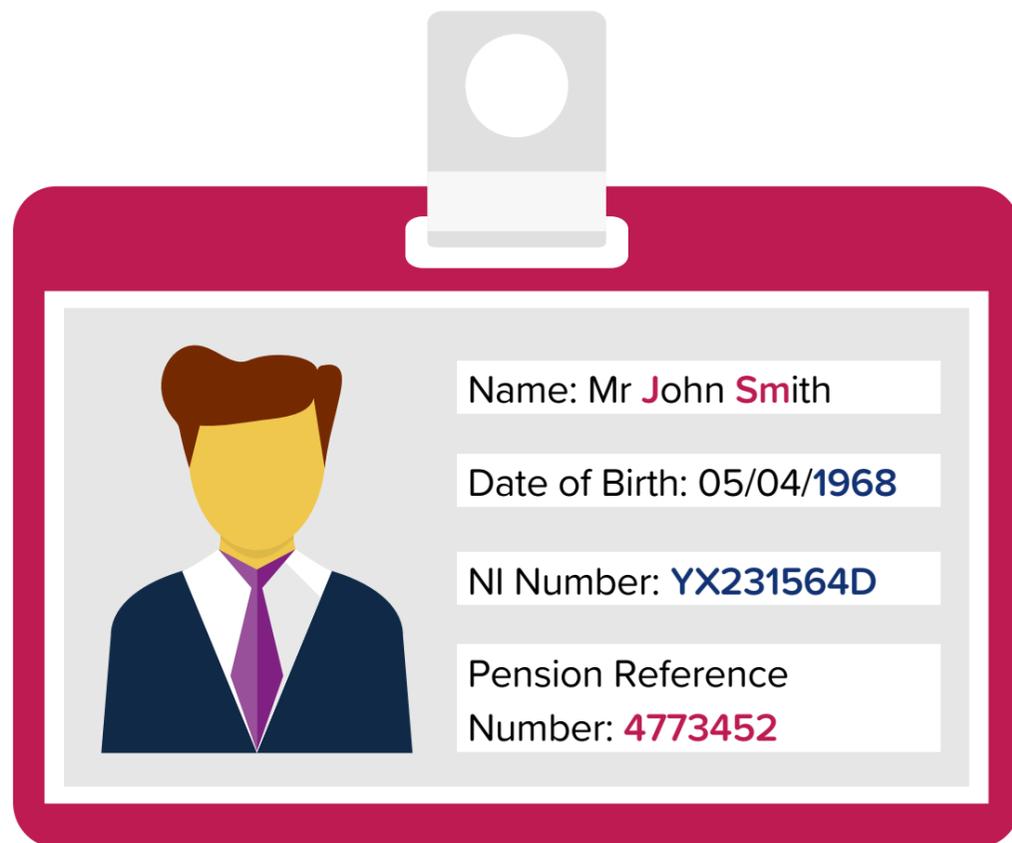
The new-look website will be modern, fresh, engaging and easy to navigate.

- It will provide information in an easy to understand format, giving high level commentary with greater detail at the click of an icon.
- It will aim to help you to understand the options available to you at retirement so you can plan your retirement funding strategy.
- There will be a library of information relating to the Plan.

How to access My Pension Online

This is a secure facility for use by members and can only be accessed via the **members' website**, by providing a unique **username** and **password**. First, you need to create your own personal account and for this, you will need your Pension Reference number and your National Insurance number.

- Your **username** is the first two letters of your surname + your first initial + your Pension Reference number.
- Your initial **password** is your year of birth + your National Insurance number.



How to access My Pension Online *continued*

When you log into the site for the first time, you will be asked to change your password. Your new password is case sensitive and must:

- be at least 8 characters long,
- include both upper and lowercase letters, and
- include at least one number.

If you have any difficulties using My Pension Online, please first check your internet browser security settings.

Helpdesk: 0345 408 2991

Email: member.web@equiniti.com

REMEMBER TO KEEP YOUR PASSWORD SAFE AND DO NOT DISCLOSE IT TO ANYONE.

Pension flexibilities

WHAT ARE MY RETIREMENT OPTIONS?

As you approach retirement, it is important to consider how you would like to take your benefits from the Plan. The table on [page 9](#) shows a summary of your options after age 55 and you can find more details in our **Retirement Options Guide**.

TAKING A PENSION COMMENCEMENT LUMP SUM (PCLS)

When you retire, you can choose to receive a PCLS, which is currently paid tax-free. The amount depends on the value of your defined benefit (DB) Plan pension plus the value of any defined contribution (DC) AVCs you may have.

DEFINED BENEFIT (DB) AND DEFINED CONTRIBUTION (DC)

The Hewlett-Packard Limited Retirement Benefits Plan is a defined benefit (DB) pension plan which means that your pension is calculated based on your salary and length of service, rather than on an individual 'pot' of money. Your employer takes the investment risk in providing the benefits from your retirement date.

Other pension schemes, including AVCs, are defined contribution (DC) arrangements. A DC pension fund is an individual 'pot' of money made of up contributions plus investment returns. You choose how the contributions are invested and you take all the investment risk. Your 'pension pot' could go down in value as well as up.

Pension flexibilities *continued*

DO YOU HAVE AVCs?

Additional Voluntary Contributions (AVCs) are extra pension contributions you can choose to make in order to boost the amount of pension you could have when you retire. They are invested in an account in your name, like a savings account.

- You could use your DC AVCs to fund all or part of your lump sum.
- You could take them as a lump sum, subject to income tax.
- You could transfer them to another pension arrangement.

Option 1

Retirement from the Plan

Leave pensionable service and take your pension from the Plan.

Option 2

Flexible retirement

You might want to opt for flexible retirement, subject to the approval of the Trustee. This means that a proportion of your DB Plan pension comes into payment, leaving you free to choose when the remainder of your Plan pension comes into payment.

Option 3

Transfer your benefits to another pension scheme

You may be able to transfer the value of your DB Plan pension to another pension scheme and then draw your benefits from that scheme.

If you choose this option, you will no longer be a member of the HP Plan.

Retirement planning

Active members receive annual benefit statements from the Plan and can use the online modelling tools at **My Pension Online**. Deferred members can also perform their own pension calculations via the website.

The Administration Team will provide retirement illustrations and transfer values, but members should please note there may be a charge if more than two retirement quotations or more than one transfer value quotation is requested within a 12-month period. The website is the best place to work through the various options if you are comparing several different scenarios. However, special arrangements are likely to be put in place for members who leave through redundancy.

My Pension Online includes a section on AVCs. If you are an active member, you are eligible to pay AVCs in order to top up your retirement funds. We encourage both active and deferred members to review your AVCs periodically and how they are invested to make sure they are still on track with your plans and suit your circumstances and risk preferences.

Where can I get more help?

The Company and the Trustee are not allowed to give you advice about your pension or finances. If you would like further information and guidance, please contact:

Independent financial advice

If you need to find an independent financial adviser (IFA), you can find details of advisers in your area by going to www.unbiased.co.uk. Please remember you will usually have to pay for any advice you receive from a specialist adviser.

Pension Wise

The government's information service for people with defined contribution pensions who are approaching retirement, offering free and impartial guidance. It is available online, over the phone or face-to-face. Only general guidance is provided, not advice. Please visit www.pensionwise.gov.uk

The Money Advice Service

Set up by the government to help people manage their money, the Money Advice Service also offers free, impartial guidance either in person, over the phone or online. There are tools and calculators to help you keep track and plan ahead.

Visit www.moneyadvice.org.uk or call 0800 138 7777.

Member records

EXPRESSION OF WISH FORMS

It is important to keep your expression of wish form up to date with any changes to your personal circumstances. We keep details of your wishes on record so that in the event of your death, we can easily and quickly identify anyone you have nominated to receive any lump sum that may be payable.

The Trustee has discretion to decide who will receive this benefit but it takes your wishes into account. This means the benefit does not form part of your estate and become subject to Inheritance Tax.

IS YOUR PERSONAL INFORMATION UP TO DATE?

Please remember to let the Plan administrator know of any changes to your personal information, including:

- your current home address
- your email address
- your expression of wish form



The work of the Trustee

The responsibilities of the Trustee are extensive. The key objective is to ensure that the correct benefits are paid to members now and in the future. The size of the assets and the membership of the Plan require considerable time and careful governance to ensure that members' benefits are safeguarded.

The Trustee directors are supported by a secretariat team and a range of professional advisers. A number of sub-committees report back to the full board on matters relating to investment, funding and administration.

HEWLETT-PACKARD ENTERPRISE UK PENSION TRUSTEE LIMITED

On 28 October 2016, the structure of the Trustee board changed to a Trustee company. The individual Trustees became directors of the new Trustee company called Hewlett-Packard Enterprise UK Pension Trustee Limited, which is now the sole corporate Trustee of the Plan.

The reasons for this change are:

- to simplify the process for executing deeds and documents relating to the Plan;
- to ensure that investments and contracts can be held in the name of the Trustee company, rather than in the names of the individual Trustees; and
- as directors of a company, the Trustee directors benefit from an additional layer of protection from personal liability. However, as directors of a company, they must comply with their directors' duties and with other statutory requirements for directors of companies. This adds an additional layer of scrutiny to their actions.



The Trustee board

By law, at least one third of the Trustees on the board must be nominated by members of the Plan. They are known as Member-Nominated Trustee Directors (MNDs). The term of office for the MNDs came to an end in October 2016 and applications were invited from active, deferred and pensioner members of the Plan to take up these roles. Phil Lawman and Paul Early re-applied and were reselected, while Mike Jackson chose to retire as an MND. Martin Smith was selected and appointed as a new MND, with effect from 1 November 2016.

YOUR NEW MND – MARTIN SMITH

Martin has been a member of the Digital Section of the Plan since he joined the company as a field service engineer in 1982. He has held various management roles and in the three years prior to his retirement in 2015, he was a director responsible for global business transformation in the enterprise services business. He brings his organisational skills, experience and enthusiasm to the role of Trustee director.

YOUR TRUSTEE DIRECTORS



Standing: Martin Smith, Andrew Dodd, Paul Early, Keith Norrington, Phil Lawman. Seated: Gill Manning, Jonathan Lord, Philippa Oram.

Company-nominated

Jonathan Lord
(Chairman and Independent Trustee)
Andrew Dodd
Gill Manning
Keith Norrington
Philippa Oram

Member-nominated

Paul Early
Phil Lawman
Martin Smith

The Trustee sub-committees

To ensure effective running of the Plan, there are eight sub-committees, each of which have different responsibilities and cover different aspects of the Trustee Board's work. The key sub-committees are shown below:

The **Investment sub-committee (TISC)** implements the investment strategy, monitoring performance and managing risk. It works with between 15 and 20 managers who look after the investments on a day-to-day basis and ensures the Trustee is compliant with its fiduciary duties.

The **Operations sub-committee (OSC)** deals with matters relating to members and their benefits. It monitors service providers including administrator performance to ensure quality of service and value for money. It exercises discretionary powers under the Plan Rules and is responsible for Plan communications to members and development of the website.

The **De-risking sub-committee (DSC)** works with the administration team to ensure cash-flow needs are met, enabling all pensions to be paid on time.

The **Covenant sub-committee (CSC)** looks at how strong the sponsoring Company is to be sure of continued financial support, especially while the Plan has a deficit.

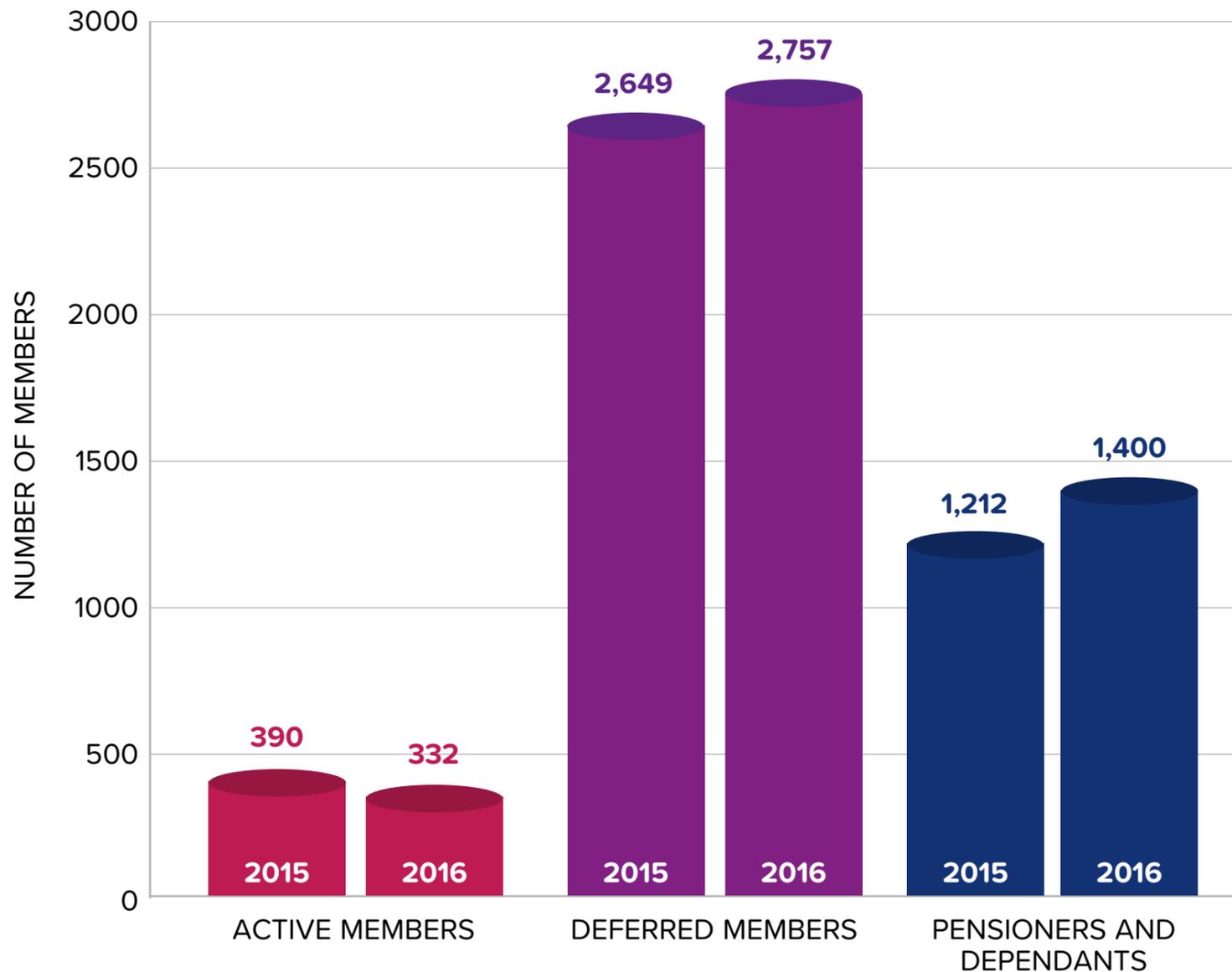
The **Funding sub-committee (FSC)** works with the Plan actuary and the Company to recommend the most appropriate funding strategy, enabling the Plan to pay benefits to members as they fall due.

Plan membership

As at 31 October 2016, you are one of almost 4,500 members of the HP Section of the Plan.

TOTAL 2016 - 4,489

TOTAL 2015 - 4,251



These figures include the 8 active members, 196 deferred members and 93 pensioners who transferred into the HP Section in July 2016, following the merger of the Bank of Ireland/Medas Section into the HP Section.



ACTIVE MEMBERS

are currently employed by the Company and pay contributions into the Plan.



DEFERRED MEMBERS

no longer contribute to the Plan. Their benefits are held in the Plan until their retirement, death (when a dependant pension may become payable) or when they choose to transfer out, whichever is earliest.



PENSIONERS

are members who have retired and are collecting their Plan pension.



DEPENDANTS

are widows, widowers, children and dependants of deceased members.

Money in and money out

The table shows a summary of the HP Section's finances over the Plan year to 31 October 2016, detailing the money that has been paid into the fund in the form of contributions and investment returns, along with the money that has been paid out in the form of members' benefits and fund expenses.

FUND ACCOUNTS

	Plan year 2015	Plan year 2016
Value of HP Section at start of year	£1,098.32m	£1,273.91m
Income	+£131.74m	+£106.43m
Outgoings	-£36.02m	-£46.33m
Change in the value of investments	+£79.87m	+£309.56m
Value of HP Section at end of year	£1,273.91m	£1,643.57m

This information has been taken from the Trustee annual report and accounts. These have been independently audited by KPMG LLP, who confirm that they show a true and fair view of the HP Section's finances during the Plan year to 31 October 2016.

If you would like to see a copy of the full report and accounts, you can find this on the **Plan website**.

1 NOVEMBER 2015 – 31 OCTOBER 2016

About the HP Section's income

- During 2016, the HP Section's income included £2.19m in regular Company contributions and £549,000 from active members' salary sacrifice arrangements.
- The Company paid £34.3m to help towards the deficit reduction of the Plan.
- The HP Section received £8.6m income from its investments.
- The assets from the Bol/Medas Section amounting to £59.5m were transferred into the HP Section.
- The remaining income was received from transfers-in and augmentations.

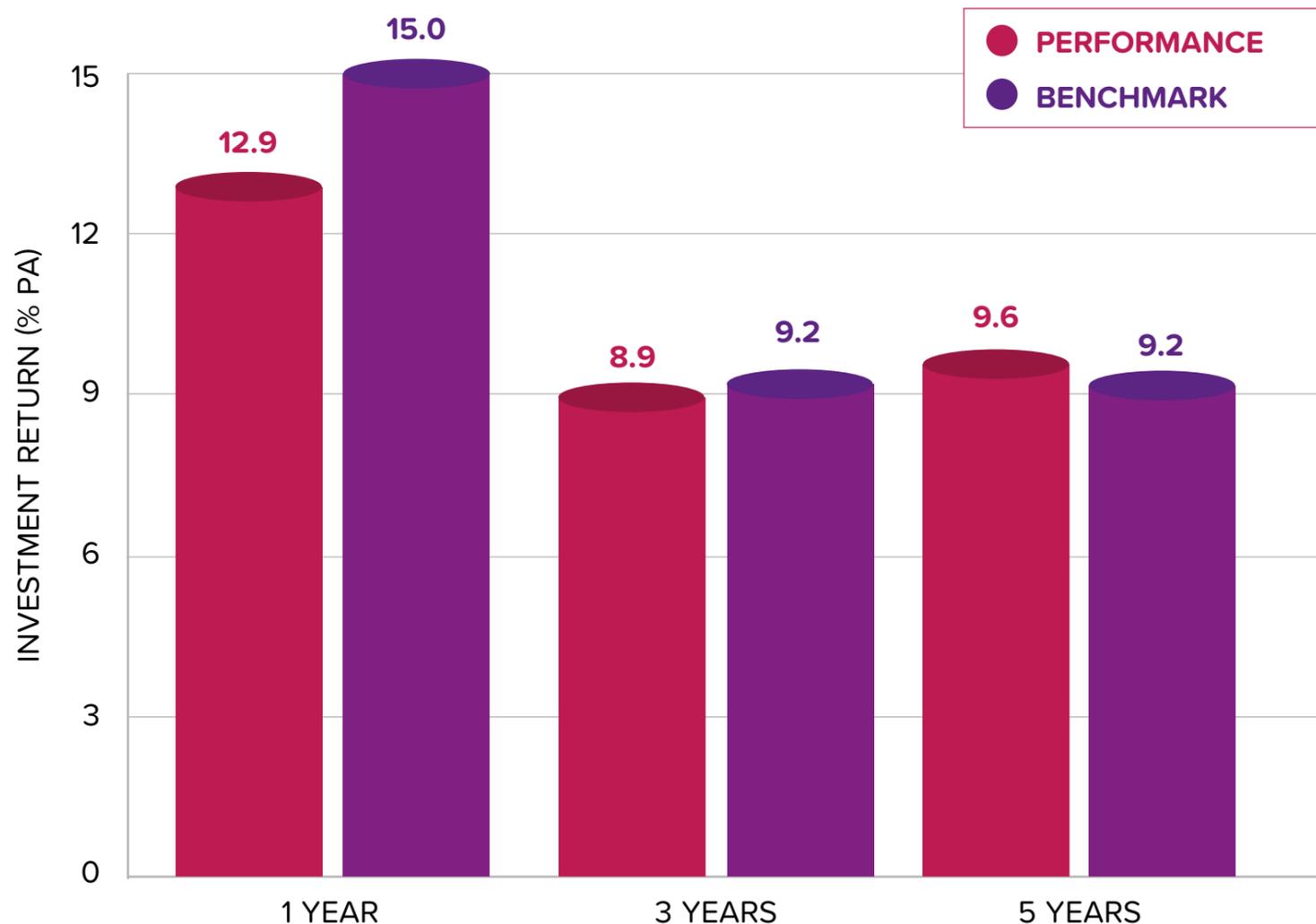
About the HP Section's expenses

- During the year, the HP Section paid £28.13m in benefits to members and £13.33m in transfers on behalf of members who left the Plan.
- The remaining expenses were made up of administration fees, fees to our advisers and the Pension Protection Fund levy.

Investment performance

Over the year to 31 October 2016, the HP Section returned 12.9%, compared with a benchmark of 15.0%, giving an underperformance of 2.1% (after the deduction of fees). Over the longer five-year period, investments exceeded benchmark.

The chart shows annualised performance over the one, three and five-year periods, ending 31 October 2016.



WHAT IS THE BENCHMARK?

The benchmark is the measure against which investment performance is judged. For example, we might measure the performance of a fund by comparing it with the total returns of the top 100 leading company shares as measured by the FTSE100 index.

DE-RISKING INVESTMENT STRATEGY

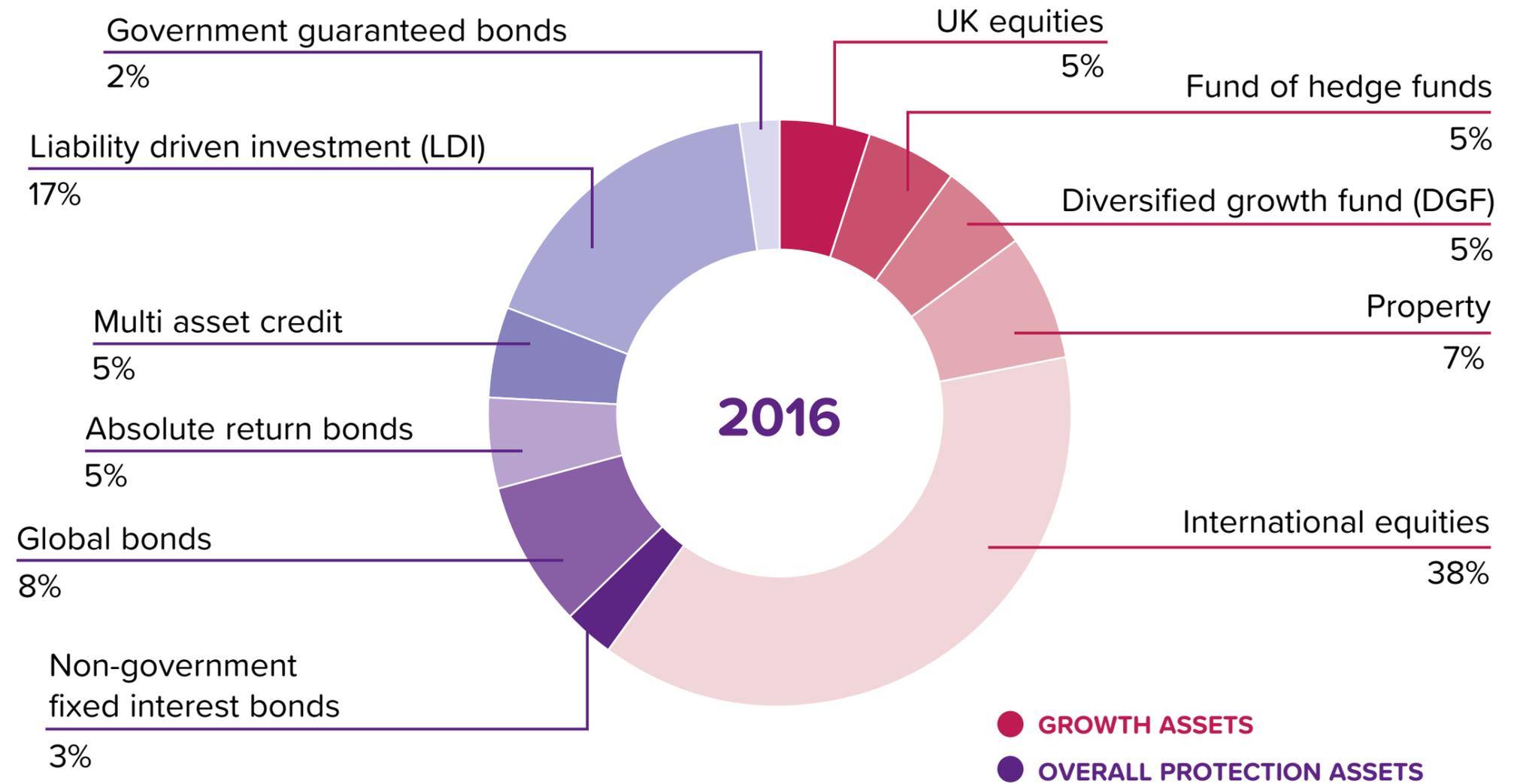
The Trustee has an agreed journey plan to become fully funded on a self-sufficiency basis. Under this plan, investments are moved from growth assets to protection assets as and when certain funding levels are reached. Not only will this consolidate investment gains, but assets will move into less volatile investments which will help protect the Plan against the risk of falling investments. Since the Plan year end in October 2016, several de-risking triggers have been met under this journey plan. As a result, the Trustee has switched some of its investments out of growth assets into protection assets.

Where are the funds invested?

The Trustee aims to balance the need to maintain the security of members' benefits while achieving reasonable investment returns on the assets of the Plan. We do this by working with our investment advisers to agree which asset types to invest in and creating a diversified set of investments within a carefully risk-managed framework.

The Trustee reviews the Plan's investments regularly with our advisers and investment managers and continues to take a long-term approach, bearing in mind that payments from the Plan will continue for a long time into the future.

As at 31 October 2016, the HP Section's funds were invested in the following assets:



Noticeboard

BREXIT

In June 2016, the UK voted to leave the European Union. While it is still too soon to know how events will unfold and how this will affect the Plan, it is anticipated that volatility in investment markets will continue for some time as the UK negotiates its exit from the EU.



It's worth remembering, however, that pensions are a long-term investment and the Plan's assets are invested in a broadly diversified mix of investments and markets around the world. This helps to reduce the impact of market volatility and fluctuations in interest rates and inflation.

The Trustee continues to monitor the situation closely and will make changes to the investment strategy as appropriate.

THE NEW STATE PENSION

The State Pension has changed for people reaching State Pension Age on or after 6 April 2016. From this date, a new State Pension has replaced the basic State Pension and additional State Pension (the earnings-related top-up also known as State Second Pension or SERPS). If you reached State Pension Age before 6 April 2016, these changes do not affect you.

The new State Pension is £159.55 per week in the 2017/18 tax year. To qualify for the full amount, you will need to have a minimum of 35 years of National Insurance (NI) contributions or credits. It is important to note that a minimum of 10 years is required to qualify for any amount. Anyone with between 10 and 35 qualifying years will receive a proportionate amount.

If any of your qualifying years were contracted out, as is the case with your membership of the HP Plan until April 2016, your new State Pension will be subject to deductions, reflecting the fact that you paid lower NI contributions during that time.

To find out more about your new State Pension entitlement, you can ask HMRC for a forecast of your State Pension by calling the Future Pension Centre on 0345 3000 168 or by visiting www.gov.uk/check-state-pension



Noticeboard *continued*

BEWARE OF PENSION SCAMS

Thousands of people have lost their life savings after falling for a pension scam – don't let it happen to you.

We urge members to continue to be vigilant about pension scams. The new pension freedoms have brought with them increased opportunities for scammers, who may try to lure you with promises of upfront cash and one-off deals with guaranteed high returns. Please be very careful of any such promises as risk-free, guaranteed investments are highly unlikely.

Please also be wary of unsolicited texts, emails and cold calls, as scammers may claim to be from Pension Wise or other government-backed organisations. These organisations would NEVER call you to offer a pension review.

The Pensions Regulator has published a 10-point checklist to help you guard against the continued danger of pension scams. For more details, please see www.pension-scams.com

FIND A LOST PENSION

It is estimated that, nationally, around £400 million lies unclaimed in people's pension pots. As a result of people changing jobs, it is all too easy to lose track of former employers' pension schemes, especially when people move house, administrators change their name or providers merge.

The Pension Tracing Service has launched a new web service to help people quickly and easily track down their forgotten pension savings. It is a free service and although it can't tell you whether you have benefits in a particular scheme or how much they are worth, it will provide you with the contact details so you can get in touch and find out.

For more information, visit www.gov.uk/find-pension-contact-details

Noticeboard *continued*

CYBER SECURITY

We would like to remind members about staying safe from online fraud, where criminals target and attempt to hack into personal email accounts. Please do not send us any personal information about yourself by email. For data security reasons, we ask you to provide all personal information in writing. We will never ask for your bank account or change of address details by email or by telephone.

To stay safe online, please think about doing the following:

- change your passwords regularly,
- have different passwords for your internet banking and any online shopping accounts,
- make your passwords hard to guess or hack – use random words and not names of family members or pets, and
- choose passwords containing at least eight characters, including capital and lowercase letters as well as numbers and special characters (for example, ! or *).

Further information about cyber security can be found at the government website: **www.cyberaware.gov.uk**

DATA PROTECTION

Some personal data for Plan members (such as date of birth and salary) is required to run the Plan, including paying the correct benefits. The use of this data is regulated under the Data Protection Act, which places certain responsibilities on those who exercise control over the data (known as ‘data controllers’ under the Act).

Data controllers would include the Trustee directors of the Plan and, in certain circumstances, professional advisers to the Plan. These may include the Plan actuary, Aon Hewitt.

The Data Protection Act will be superseded in 2018 with the introduction of the General Data Protection Regulation.



The Plan's advisers

Actuary

David Eteen FIA, Aon Hewitt Limited

Administrator

Equiniti Pension Solutions

Auditors

KPMG LLP

Banker

Lloyds Bank plc

Solicitor

Linklaters LLP

Plan secretary

Inside Pensions

Investment consultant

Mercer Limited

Investment managers

Legal & General Investment Management

CQS Asset Management Limited

Wellington Management International Limited

Morgan Stanley Investment Management Limited

Threadneedle Asset Management

Lothbury Investment Management

Mesirow Financial Product Group

Shoreline Investment Management Company

Insight Investment Management (Global) Limited

State Street Global Advisers

Invesco Asset Management Limited

BMO Global Asset Management

BlackRock Investment Management (UK) Limited

UBS Global Asset Management

AVC providers

Legal & General Assurance Society Limited

Equitable Life Assurance Society

MGM Assurance

Standard Life Assurance Limited

Custodian

State Street Europe Limited

Employer covenant adviser

Lincoln Pensions Limited

Getting in touch

ADMINISTRATOR

 01293 604844

 hp2@equiniti.com

 hp.xpmemberservices.com



The Administrator of the Hewlett-Packard
Limited Retirement Benefits Plan
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Sutherland House
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Crawley
West Sussex
RH10 1UH

TRUSTEE

 01727 733150

 hpplantrustees@insidepensions.com



Beryl Whittaker
Secretary to the Trustee
Hewlett-Packard Limited Retirement Benefits Plan
Inside Pensions
54-56 Victoria Street
St Albans
AL1 3HZ

TELL US WHAT YOU THINK

If you have any comments or questions about this report, or if there are any topics you would like to see covered in a future issue, we would love to hear from you.

Please get in touch by emailing us at hpplantrustees@insidepensions.com

KEEPING IN TOUCH BY EMAIL

We have sent communications to members for the last few years announcing that we intend to use email to keep in touch, where members are happy to receive email communications and can access them easily.

If you have not already advised us of your email address or have changed your email address, please contact the administrator at: hp2@equiniti.com. If you do not have an email address or you wish to continue to receive hard copies of Plan documents, please write to the Plan administrator, Equiniti at the address on the left.

HR

For members who have left HP, please stay in touch with us at:

[https://content.ext.hpe.com/sites/
CountrySupport/UKI_External_HRSupport.page](https://content.ext.hpe.com/sites/CountrySupport/UKI_External_HRSupport.page)